

ECONOMIC IMPACTS OF THE MILITARY BASES IN WASHINGTON

July 2004

Naval Station Everett in Snohomish County

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Snohomish County is home to Naval Station Everett. NS Everett is the homeport for a nuclear powered aircraft carrier, plus three destroyers and three frigates. About 5 percent of all economic activity in Snohomish County is directly and indirectly linked to the personnel and procurements at these bases.

Direct Impacts

The direct impacts of this base include employment, payrolls, retiree pension, payments to private health care providers, and purchases of goods and services from local vendors. These impacts are shown in Table 1. On base employment of 4,517 constitutes about 2 percent of total employment in Snohomish County. The annual payroll earned by these civilian and military workers is \$159.1 million, 1.8 percent of countywide labor earnings. The Navy operates medical and dental clinics in Everett, but in addition it contracts with private sector providers for additional health care services for its personnel, employees, retirees, and their direct family members living in the area. Contracts for health care services amount to \$17.5 million annually. Military retiree pensions are administered through the bases, and many retirees live in counties near the base administering their pension so that they can take advantage of on-base services such as overseas travel or access to commissaries. Pensions administered by the Navy facilities in Snohomish County sum to \$138.1 million annually. Contracts let by the bases for a variety of goods, services, and on-base construction total \$5.6 million. Active duty personnel, military retirees, and their spouses and dependents are eligible to use the on-base retail facilities provided by commissaries and base exchanges. Spending at these facilities does not impact the state economy in any way unless the goods are provided by in-state vendors (captured in the contracts data). Therefore, the payroll and pension amounts are reduced by the \$24.1 million spent at the commissary/base exchanges in Snohomish County to calculate net direct impact as shown in Table 1. This net direct impact sums to \$296.2 million.

1 – Direct Impacts of Major Military Bases in Snohomish County, 2003

Employment, uniformed and civilian	4,517
Payroll	\$159.1 million
Military retiree pensions	\$138.1 million
TriCare payments to private providers	\$17.5 million
Contracts for goods and services	\$5.6 million
On-base retail spending	\$24.1 million
Net direct impact*	\$296.2 million

* Reduced by on-base retail spending

In addition, the federal government compensates school districts for schooling the dependents of federal employees including service personnel. School districts in Snohomish County receive \$53,000 annually in impact aid for schooling of the dependents of military personnel.

Multiplier Impacts

When military related payrolls get spent within the county or state, and when the base lets contracts to businesses in the county or state, these expenditures have multiplier or indirect impacts that generate additional economic activity. These multiplier impacts are estimated using a new input-output model just released by the Office of Financial Management, resulting in total impact estimates (the sum of direct impacts and the multiplier impact). The bases in Snohomish County directly and indirectly account for over 10,000 jobs in Snohomish County and nearly 12,000 statewide. The total impacts in terms of labor earnings sum to \$431 million within Snohomish County (about 5.0 percent of wage disbursements in this county) and \$474 million statewide.

2 – Total Impacts of the Major Bases in Snohomish County

Employment in Snohomish County	10,545
Statewide employment	11,877
Labor earnings in Snohomish County	\$431 million
Statewide labor earnings	\$474 million